

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JANUARY 31, 2007**

	January-07				December-06				September-06				Current FYTD	Prior Year FY06	3 Years Ended 6/30/2006	5 Years Ended 6/30/2006
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net	Net	Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>																
<i>Structured Growth</i>																
Los Angeles Capital	83,061	2.8%	2.8%	3.46%	80,202	2.8%	2.8%	7.40%	76,653	2.7%	2.8%	1.60%	12.89%	11.12%	N/A	N/A
<b>Total Structured Growth</b>	<b>83,061</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.46%</b>	<b>80,202</b>	<b>2.8%</b>	<b>2.8%</b>	<b>7.40%</b>	<b>76,653</b>	<b>2.7%</b>	<b>2.8%</b>	<b>1.60%</b>	<b>12.89%</b>	<b>11.12%</b>	<b>12.01%</b>	<b>-0.32%</b>
<i>Russell 1000 Growth</i>				2.57%				5.93%				3.94%	12.93%	6.12%	8.35%	-0.76%
<i>Structured Value</i>																
LSV	82,878	2.8%	2.8%	2.07%	88,774	3.1%	2.8%	8.09%	84,460	3.0%	2.8%	4.90%	15.74%	15.05%	21.14%	12.22%
<i>Russell 1000 Value</i>				1.28%				8.00%				6.22%	16.19%	12.10%	15.70%	6.89%
<i>Russell 1000 Enhanced Index</i>																
LA Capital	163,424	5.6%	5.6%	1.68%	168,219	5.8%	5.6%	7.67%	152,896	5.4%	5.6%	3.71%	13.54%	11.58%	N/A	N/A
<i>Russell 1000</i>				1.93%				6.95%				5.06%	14.53%	9.08%	N/A	N/A
<i>S&amp;P 500 Enhanced Index</i>																
Westridge	172,282	5.9%	5.6%	1.55%	169,491	5.9%	5.6%	6.86%	163,265	5.8%	5.6%	5.75%	14.75%	8.77%	N/A	N/A
<i>S&amp;P 500</i>				1.51%				6.70%				5.67%	14.45%	8.63%	N/A	N/A
<i>Index</i>																
State Street	53,743			1.97%	59,571			8.03%	56,716			5.78%	16.53%	9.51%	11.47%	2.62%
<b>Total 130/30</b>	<b>53,743</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.97%</b>	<b>59,571</b>	<b>2.1%</b>	<b>1.9%</b>	<b>8.03%</b>	<b>56,716</b>	<b>2.0%</b>	<b>1.9%</b>	<b>5.78%</b>	<b>16.53%</b>	<b>9.51%</b>	<b>11.47%</b>	<b>2.62%</b>
<i>S&amp;P 500</i>				1.51%				6.70%				5.67%	14.45%	8.63%	11.22%	2.49%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>555,387</b>	<b>19.0%</b>	<b>18.8%</b>	<b>1.98%</b>	<b>566,257</b>	<b>19.5%</b>	<b>18.8%</b>	<b>7.50%</b>	<b>533,990</b>	<b>19.0%</b>	<b>18.8%</b>	<b>4.49%</b>	<b>14.55%</b>	<b>10.95%</b>	<b>13.63%</b>	<b>3.95%</b>
<i>S&amp;P 500</i>				1.51%				6.70%				5.67%	14.45%	8.63%	11.22%	2.49%
<b>SMALL CAP DOMESTIC EQUITY</b>																
<i>Manager-of-Managers</i>																
SEI	183,980	6.3%	6.3%	1.65%	191,443	6.6%	6.3%	8.82%	175,728	6.3%	6.3%	-0.01%	10.61%	13.58%	18.20%	7.84%
<i>Russell 2000 + 200bp</i>				1.84%				9.43%				0.94%	12.50%	16.86%	21.06%	10.38%
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>183,980</b>	<b>6.3%</b>	<b>6.3%</b>	<b>1.65%</b>	<b>191,443</b>	<b>6.6%</b>	<b>6.3%</b>	<b>8.82%</b>	<b>175,728</b>	<b>6.3%</b>	<b>6.3%</b>	<b>-0.01%</b>	<b>10.61%</b>	<b>13.58%</b>	<b>18.20%</b>	<b>7.86%</b>
<i>Russell 2000</i>				1.67%				8.90%				0.44%	11.21%	14.58%	18.70%	8.50%
<b>INTERNATIONAL EQUITY</b>																
<i>Large Cap - Active</i>																
Capital Guardian	118,256	4.1%	4.0%	1.47%	124,666	4.3%	4.0%	8.53%	114,737	4.1%	4.0%	5.02%	15.66%	28.07%	20.99%	6.90%
LSV	117,666	4.0%	4.0%	1.42%	123,882	4.3%	4.0%	10.66%	111,972	4.0%	4.0%	6.24%	19.23%	27.09%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>235,922</b>	<b>8.1%</b>	<b>8.0%</b>	<b>1.44%</b>	<b>248,549</b>	<b>8.6%</b>	<b>8.0%</b>	<b>9.58%</b>	<b>226,709</b>	<b>8.1%</b>	<b>8.0%</b>	<b>5.62%</b>	<b>17.41%</b>	<b>27.66%</b>	<b>21.92%</b>	<b>12.63%</b>
<i>MSCI EAFE - 50% Hedged</i>				1.35%				9.06%				4.87%	15.92%	26.72%	22.56%	6.89%
<i>Small Cap - Value</i>																
Lazard	28,616	1.0%	1.0%	0.10%	30,538	1.1%	1.0%	14.71%	26,635	0.9%	1.0%	0.72%	15.65%	23.65%	28.06%	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				1.50%				11.41%				1.53%	14.80%	29.28%	32.40%	N/A
<i>Small Cap - Growth</i>																
Vanguard	29,840	1.0%	1.0%	2.94%	30,971	1.1%	1.0%	12.63%	27,500	1.0%	1.0%	3.73%	20.26%	29.24%	32.39%	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				1.50%				11.41%				1.53%	14.80%	29.28%	32.40%	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>294,378</b>	<b>10.1%</b>	<b>10.0%</b>	<b>1.46%</b>	<b>310,058</b>	<b>10.7%</b>	<b>10.0%</b>	<b>10.36%</b>	<b>280,844</b>	<b>10.0%</b>	<b>10.0%</b>	<b>4.93%</b>	<b>17.49%</b>	<b>27.35%</b>	<b>23.83%</b>	<b>8.67%</b>
<i>MSCI EAFE - 50% Hedged</i>				1.35%				9.06%				4.87%	15.92%	26.72%	22.56%	6.89%
<b>DOMESTIC FIXED INCOME</b>																
<i>Core Bond</i>																
Western Asset	491,000	16.8%	16.8%	-0.10%	545,139	18.8%	19.0%	2.01%	531,335	18.9%	19.0%	4.45%	6.45%	-0.90%	7.36%	8.59%
<i>Lehman Aggregate</i>				-0.04%				1.24%				3.81%	5.05%	-0.81%	2.05%	4.97%
<i>Mortgage Backed</i>																
Hyperion	128,841	4.4%	4.4%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<i>Lehman Global Aggregate (US Securitized Portion)</i>																
<i>Core Plus/Enhanced</i>																
Clifton Group	126,565	4.3%	4.4%	-0.16%	124,064	4.3%	4.4%	0.66%	122,558	4.4%	4.4%	N/A	N/A	N/A	N/A	N/A
Prudential	127,050	4.4%	4.4%	0.05%	124,236	4.3%	4.4%	1.88%	121,190	4.3%	4.4%	N/A	N/A	N/A	N/A	N/A
<b>Total Core Plus/Enhanced</b>	<b>253,615</b>	<b>8.7%</b>	<b>8.8%</b>	<b>-0.06%</b>	<b>248,300</b>	<b>8.6%</b>	<b>8.8%</b>	<b>1.27%</b>	<b>243,748</b>	<b>8.7%</b>	<b>8.8%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Aggregate</i>				-0.04%				1.24%				3.81%				
<i>Index</i>																
Bank of ND	233,961	8.0%	8.3%	-0.12%	229,327	7.9%	8.3%	1.31%	233,697	8.3%	8.3%	3.10%	4.34%	-1.14%	1.14%	4.90%
<i>Lehman Gov/Credit (1)</i>				-0.08%				1.04%				3.91%	4.90%	-1.52%	1.04%	4.78%
<i>BBB Average Quality</i>																
Wells Capital (formerly Strong)	490,646	16.8%	16.8%	0.13%	543,583	18.8%	19.0%	1.75%	531,191	18.9%	19.0%	4.60%	6.57%	-2.11%	2.63%	N/A
<i>Lehman US Credit BAA</i>				0.12%				1.49%				4.80%	6.48%	-2.37%	2.63%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,598,064</b>	<b>54.8%</b>	<b>55.0%</b>	<b>-0.01%</b>	<b>1,566,348</b>	<b>54.1%</b>	<b>55.0%</b>	<b>1.70%</b>	<b>1,539,971</b>	<b>54.8%</b>	<b>55.0%</b>	<b>4.28%</b>	<b>6.05%</b>	<b>-1.39%</b>	<b>6.59%</b>	<b>7.79%</b>
<i>Lehman Aggregate (2)</i>				-0.04%				1.24%				3.81%	5.05%	-0.81%	1.84%	5.28%
<b>CASH EQUIVALENTS</b>																
Bank of ND	284,997	9.8%	10.0%	0.45%	263,060	9.1%	10.0%	1.32%	277,253	9.9%	10.0%	1.35%	3.14%	4.50%	2.71%	2.42%
<i>90 Day T-Bill</i>				0.41%				1.26%				1.33%	3.02%	4.00%	2.37%	2.25%
<b>TOTAL BONDING FUND</b>	<b>2,916,806</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.69%</b>	<b>2,897,167</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.08%</b>	<b>2,807,786</b>	<b>100.0%</b>	<b>100.0%</b>	<b>8.82%</b>	<b>8.02%</b>	<b>4.99%</b>	<b>7.24%</b>	<b>5.20%</b>
<b>POLICY TARGET BENCHMARK</b>				0.54%				3.50%				3.81%			6.57%	5.10%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.